

**Magna Mosquito Abatement District**

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**Financial Statements and  
Independent Auditors' Report**

December 31, 2005

# Magna Mosquito Abatement District

## Contents

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<b>Independent Auditor's Report</b>	1
<b>Management's Discussion and Analysis</b>	2
<b>Financial Statements:</b>	
Government-Wide Financial Statements:	
Statement of Net Assets	6
Statement of Activities	7
Fund Financial Statements:	
Balance Sheet - Governmental Funds	8
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	9
Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance - General Fund	10
Reconciliation of the Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	11
Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	12
Notes to Financial Statements	13
<b>Supplemental Reports and Schedules:</b>	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	19
Independent Auditor's Report on Legal Compliance Applicable to Utah State Laws and Regulations	20
Schedule of Findings - Compliance - State of Utah	21



**Haynie &  
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**INDEPENDENT AUDITOR'S REPORT**

**Board of Directors  
Magna Mosquito Abatement District**

We have audited the accompanying financial statements of the government activities and each major fund of **Magna Mosquito Abatement District** (the District), as of and for the year ended December 31, 2005, which collectively comprise the District's basic financial statements as listed in the foregoing table of contents. These basic financial statements are the responsibility of the management of the District. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Magna Mosquito Abatement District as of December 31, 2005, and the respective changes in financial position thereof and the budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2006 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 2 through 5 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board (GASB). We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*Haynie & Co.*

Salt Lake City, Utah  
July 31, 2006

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**Magna Mosquito Abatement District**  
**Management's Discussion and Analysis**

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# Magna Mosquito Abatement District

## Management's Discussion and Analysis

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This discussion and analysis is intended to be an easily readable analysis of Magna Mosquito Abatement District's (the District) financial activities and performance based on currently known facts, decisions, or conditions as of and for the year ended December 31, 2005.

### **Financial Highlights**

- Total net assets were \$1,066,420
- Total net assets increased by \$41,771
- Total revenues were \$317,056
- Total revenues exceeded budgeted revenues by \$60,056
- Total budgeted expenses exceed actual expenses by \$19,635
- Unrestricted net assets were \$381,541, or 35.78% to total net assets, at December 31, 2005

### **Government-wide Financial Statements**

Government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. Traditionally, separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds; however, the District is comprised of only the general fund.

### **Report Layout**

Besides this Management's Discussion and Analysis (MD&A), the report consists of government-wide statements, fund financial statements, and the notes to the financial statements. The first two statements are condensed and present a government-wide view of the District's finances. Within this view, all of the District's operations are categorized and reported as either governmental or business-type activities. Governmental activities include basic mosquito abatement services and administration. There are no business-type activities in the District. These government-wide statements are designed to be more corporate-like in that all activities are consolidated into a total for the District.

### **Basic Financial Statements**

The *Statement of Net Assets* presents information on all of the District's assets and liabilities, with the difference between the two reported as *Net Assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Governmental activities are reported on the accrual basis of accounting.

The *Statement of Activities* focuses on gross and net costs of the District's programs and the extent to which such programs rely upon general revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.

The notes to the financial statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the District's financial condition.

# Magna Mosquito Abatement District

## Management's Discussion and Analysis (continued)

### Overview of the Financial Statements

The net assets of the District increased by \$41,771 for the year ended December 31, 2005. The following table summarizes net assets at December 31, 2005.

**Table 1 - Net Assets at Year-End**

December 31	Governmental Activities	
	2005	2004
<b>Assets:</b>		
Current and other assets	\$ 706,452	\$ 626,846
Capital assets, net	361,029	398,864
<b>Total assets</b>	<b>\$ 1,067,481</b>	<b>\$ 1,025,710</b>
<b>Liabilities:</b>		
Accounts payable	\$ 1,061	\$ 1,061
<b>Total liabilities</b>	<b>1,061</b>	<b>1,061</b>
<b>Net assets:</b>		
Invested in capital assets	361,029	398,949
Unrestricted and undesignated	381,541	301,850
Designated	213,000	213,000
Reserved for capital projects	110,850	110,850
<b>Total net assets</b>	<b>1,066,420</b>	<b>1,024,649</b>
<b>Total liabilities and net assets</b>	<b>\$ 1,067,481</b>	<b>\$ 1,025,710</b>

The balance of unrestricted net assets in the amount of \$381,541 may be used to meet the day-to-day operations and the ongoing obligations of the District to its creditors and the public that is served by the District. Designated net assets and net assets invested in capital assets are not available for new spending as they have been committed for a variety of other designated purposes. Unrestricted net assets represent 35.78% of total net assets at December 31, 2005.

# Magna Mosquito Abatement District

## Management's Discussion and Analysis (continued)

**Table 2 - Changes in Net Assets**

For the year ended December 31	Governmental Activities	
	2005	2004
<b>General revenues:</b>		
Property and motor vehicle taxes and fees	\$ 298,030	\$ 279,908
Investment earnings	17,457	8,170
Gain on sale of asset	1,569	3,826
<b>Total revenues</b>	<b>317,056</b>	<b>291,904</b>
<b>Program expenditures:</b>		
Mosquito abatement	189,425	191,302
Shop and building maintenance	24,151	11,807
Administration	61,709	52,403
<b>Total expenditures</b>	<b>275,285</b>	<b>255,512</b>
<b>Increase in net assets</b>	<b>41,771</b>	<b>36,392</b>
Net assets, beginning of year	1,024,649	988,257
<b>Net assets, end of year</b>	<b>\$ 1,066,420</b>	<b>\$ 1,024,649</b>

### Governmental Activities

The District's net cost for all governmental activities was \$275,285 for the year ended December 31, 2005. As shown in the statement of activities, essentially all of the District's activities are funded by property taxes and motor vehicle fees paid by taxpayers. Accordingly, the District relies upon property taxes and motor vehicle fees to finance its operations.

### General Fund Budgetary Highlights

The District finalized its 2005 budget on December 8, 2004, in accordance with State law. Actual revenues exceeded budgeted revenues by \$25,056, while actual expenditures were \$54,635 less than amounts budgeted. Accordingly, the District's revenues in excess of expenditures for the year ended December 31, 2005, were \$79,691.

# **Magna Mosquito Abatement District**

## **Management's Discussion and Analysis (continued)**

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### **Capital Assets**

Capital assets for the District are those assets that are used in the performance of the District's functions. Capital assets include land, buildings and improvements, equipment, vehicles, and furniture and fixtures. Capital assets are recognized in the statement of net assets and, in accordance with GASB No. 34, are shown net of accumulated depreciation. During the year ended December 31, 2005, the District purchased equipment totaling \$8,423. Depreciation expense of \$46,343, for the year ended December 31, 2005, is recognized in the Government-wide financial statements.

### **Economic Forecast and Future Budget**

The western part of Salt Lake County, which is served by the District, continues to see significant growth in homes and new businesses. The advent of the West Nile Virus in Salt Lake County has raised the concern of those served by the District along with the increased need for control of the grasshopper population. To meet the increasing demands placed on the District, additional employees and related training may be required, along with additional equipment, pesticides, and other mosquito control devices. Economic growth, in the form of property taxes and fees from increased building and business, should allow the District to finance the increasing expenditure demands.

### **Requests for Information**

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Manager, Mr. Evan Lusty, 2611 South 9080 West Magna, UT, 84044-1013.



# Magna Mosquito Abatement District

## Statement of Net Assets

	Governmental Activities
December 31	2005
<b>Assets:</b>	
Cash and cash equivalents	\$ 693,082
Due from other governmental units	7,170
Prepaid expenses	6,200
Capital assets not subject to depreciation:	
Land	17,316
Capital assets net of accumulated depreciation:	
Buildings and improvements	244,819
Equipment	52,102
Furniture and fixtures	45,780
Vehicles	1,012
<b>Total assets</b>	<b>1,067,481</b>
<b>Liabilities:</b>	
Accounts payable	1,061
<b>Total liabilities</b>	<b>1,061</b>
<b>Net assets:</b>	
Invested in capital assets	361,029
Restricted for:	
Capital projects	110,850
Board designated:	
Grasshopper control and special uses	115,000
Liability insurance	98,000
Unrestricted and undesignated	381,541
<b>Total net assets</b>	<b>\$ 1,066,420</b>

See accompanying notes to financial statements.

# Magna Mosquito Abatement District

## Statement of Activities

For the Year Ended December 31, 2005

	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets
	Charges Expenses for Services	Operating Grants and Contributions	Capital Grants and Contributions	
				Governmental Activities
<b>Functions and Programs</b>				
<b>Governmental activities:</b>				
Mosquito abatement	\$ 189,425	\$ -	\$ -	\$ (189,425)
Shop and building maintenance	24,151	-	-	(24,151)
Administration	61,709	-	-	(61,709)
<b>Total governmental activities</b>	<b>\$ 275,285</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(275,285)</b>
<b>General revenues:</b>				
Property taxes				298,030
Investment earnings				17,457
Gain on sale of asset				1,569
<b>Total general revenues</b>				<b>317,056</b>
<b>Increase in net assets</b>				<b>41,771</b>
<b>Net assets, beginning of year</b>				<b>1,024,649</b>
<b>Net assets, end of year</b>				<b>\$ 1,066,420</b>

See accompanying notes to financial statements.

# Magna Mosquito Abatement District

## Balance Sheet - Governmental Funds

December 31	2005		
	General Fund	Capital Projects	Governmental Funds
<b>Assets:</b>			
Cash and cash equivalents	\$ 582,232	\$ 110,850	\$ 693,082
Receivables, property taxes and fees	7,170	-	7,170
Prepaid expenses	6,200	-	6,200
<b>Total assets</b>	<b>\$ 595,602</b>	<b>\$ 110,850</b>	<b>\$ 706,452</b>
<b>Liabilities:</b>			
Accounts payable	\$ 1,061	\$ -	\$ 1,061
<b>Total liabilities</b>	<b>1,061</b>	<b>-</b>	<b>1,061</b>
<b>Fund balance:</b>			
Restricted - capital improvements	-	110,850	110,850
Unreserved - designated grasshopper reserve and special uses	115,000	-	115,000
Unreserved - designated liability insurance	98,000	-	98,000
Unreserved and undesignated	381,541	-	381,541
<b>Total fund balance</b>	<b>594,541</b>	<b>110,850</b>	<b>705,391</b>
<b>Total liabilities and fund balance</b>	<b>\$ 595,602</b>	<b>\$ 110,850</b>	<b>\$ 706,452</b>

See accompanying notes to financial statements.

# **Magna Mosquito Abatement District**

## **Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets**

December 31

2005

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<b>Total fund balance</b>	<b>\$ 705,391</b>
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Total net assets reported for governmental activities in the  
statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore not reported in the funds	<b>361,029</b>
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<b>Net assets of governmental activities</b>	<b>\$ 1,066,420</b>
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*See accompanying notes to financial statements.*

**Magna Mosquito Abatement District**  
**Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balances**

December 31	2005		
	General Fund	Capital Projects	Governmental Funds
<b>Revenues:</b>			
Property taxes and fees	\$ 298,030	\$ -	\$ 298,030
Interest	17,457	-	17,457
Gain on sale of capital asset	1,569	-	1,569
<b>Total revenues</b>	<b>317,056</b>	<b>-</b>	<b>317,056</b>
<b>Expenditures:</b>			
Mosquito abatement	143,082	-	143,082
Shop and building maintenance	24,151	-	24,151
Administration	61,709	-	61,709
Capital outlays	8,423	-	8,423
<b>Total expenditures</b>	<b>237,365</b>		<b>237,365</b>
<b>Excess of revenues over expenditures</b>	<b>79,691</b>	<b>-</b>	<b>79,691</b>
Fund balance, beginning of year	514,850	110,850	625,700
<b>Fund balance, end of year</b>	<b>\$ 594,541</b>	<b>\$ 110,850</b>	<b>\$ 705,391</b>

*See accompanying notes to financial statements.*

## **Magna Mosquito Abatement District**

### **Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities**

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December 31

2005

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#### **Net changes in fund balances - total governmental funds**

Amounts reported for governmental activities in the statement of  
activities are different because:

\$ 79,691

Governmental funds report capital outlays as expenditures.  
However, in the statement of activities the cost of those  
assets is allocated over their estimated useful lives and  
reported as depreciation expense. This is the amount by  
which depreciation expense exceeded capital outlays in the  
current period.

(37,920)

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#### **Change in net assets of governmental activities**

\$ 41,771

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*See accompanying notes to financial statements.*

# Magna Mosquito Abatement District

## Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund

For the year ended December 31				2005
	Budget		Actual	Variance
	Original	Final		Favorable (Unfavorable)
<b>Revenues:</b>				
Property taxes and motor vehicle fees	\$ 249,000	\$ 284,000	298,030	\$ 14,030
Interest	8,000	8,000	17,457	9,457
Other revenues	-	-	1,569	1,569
<b>Total revenues</b>	<b>257,000</b>	<b>292,000</b>	<b>317,056</b>	<b>25,056</b>
<b>Expenditures:</b>				
Wages and related taxes	123,000	123,000	118,991	4,009
Insecticide and field supplies	28,000	28,000	17,803	10,197
Gas and oil	8,000	7,000	6,288	712
Repairs and maintenance	21,000	26,000	24,151	1,849
Insurance	24,000	24,000	24,428	(428)
Retirement	9,000	10,000	10,874	(874)
Grasshopper Fund	5,000	5,000	-	5,000
Utilities	5,000	5,000	4,294	706
Office supplies	5,000	5,000	2,090	2,910
Administrative expenses	3,000	3,000	2,291	709
Seminars and education	8,000	10,000	9,148	852
Capital outlays	7,000	7,000	8,423	(1,423)
Professional services	7,000	7,000	6,420	580
Dues and research	3,000	3,000	2,164	836
Emergency West Nile Virus	-	26,000	-	26,000
Unappropriated contingency	3,000	3,000	-	3,000
<b>Total expenditures</b>	<b>257,000</b>	<b>292,000</b>	<b>237,365</b>	<b>54,635</b>
<b>Excess of revenues over expenditures</b>	<b>-</b>	<b>-</b>	<b>79,691</b>	<b>79,691</b>
Fund balance, beginning of year	514,850	514,850	514,850	-
<b>Fund balance, end of year</b>	<b>\$ 514,850</b>	<b>\$ 514,850</b>	<b>\$ 594,541</b>	<b>\$ 79,691</b>

See accompanying notes to financial statements.

# Magna Mosquito Abatement District

## Notes to Financial Statements

### **Note 1 - Organization and operation**

The Magna Mosquito Abatement District (the District) is a special taxing district that provides mosquito control through a comprehensive program of water management and source reduction in areas of Salt Lake County surrounding the City of Magna, Utah. It is governed by a board of trustees, which is appointed by Salt Lake County.

### **Note 2 - Significant accounting policies**

**Financial Reporting Entity** - For financial reporting purposes, the reporting entity includes all funds and authorities for which the District holds corporate powers. The Governmental Accounting Standards Board (GASB) in its Statement No. 14, The Financial Reporting Entity, has established criteria to consider in determining financial accountability. The criteria are: Appointment of a majority of the voting members of an organization's governing board, and either (1) the District has the ability to impose its will on the organization, or (2) there is potential for the organization to provide specific financial benefits to or impose specific financial burdens on the District.

These financial statements represent the Magna Mosquito Abatement District, the primary government. The District is a legally separate entity that possesses the power to tax and assess fees on property. Salt Lake County exercises no significant controlling powers over the District. Accordingly, the District is not a component unit. Further, the District has no component units; it has not created any separate political subdivisions and does not exercise any political or financial control over any other entity.

**Basis of presentation - government-wide and fund financial statements** - Government-wide financial statements are comprised of the statement of net assets and statement of activities. They contain information on all of the activities of the primary government. The effects of inter-fund activities have been eliminated from these statements.

The statement of activities is presented to show the extent that program revenues of a given activity support direct expenses. Direct expenses are those that can be clearly associated with an activity or program. Program revenues include charges to customers or others who directly benefit from the program, grants, or other contributions that are restricted to the operations or capital needs of the specific activity. General revenues are those revenues like taxes that are not properly reported as program revenues.

**Measurement focus and basis of accounting** - Measurement focus refers to the types of assets that appear on the statement of net assets and changes to those same assets that appear on the statement of activities. The flow of financial resources measurement focus shows assets and liabilities on the statement of net assets, and changes to net assets in the statement of activities.



# Magna Mosquito Abatement District

## Notes to Financial Statements (continued)

### Note 2 - Significant accounting policies (continued)

**Governmental fund basis of accounting** - All Governmental Funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available, within 60 days of the end of the year, as net current assets. Taxpayer-assessed income, gross receipts, and sales taxes are considered "measurable" when in the hands of intermediary collecting governments and are recognized as revenue at that time. Licenses and permits, charges for services, fines and forfeitures, and miscellaneous revenues are recorded as revenues when received in cash. General property taxes, self-assessed taxes, and investment earnings are recorded as earned (when they are measurable and available). Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except expenditures for debt service, prepaid expenses, and other long-term obligations, which are recognized when paid.

**Budget and budgetary accounting** - The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles. An annual budget is prepared and adopted by the Board of Directors on or before December 15 for the fiscal year commencing the following January 1, in accordance with State law. The operation budget includes proposed expenditures and the proposed sources of financing for such expenditures. Prior to December 15, a public hearing is conducted to obtain taxpayer input. A budget is adopted and control of budget appropriations is exercised, under State law, at the department level. Budget amendments are required to increase the expenditure budget. The General Fund budget is prepared using the modified accrual basis of accounting.

**Expenditures** - Expenditures are recognized in the accounting period in which the fund liability is incurred. Insecticides and supplies are stated at cost using the first-in, first-out (FIFO) method. Purchases are recorded as assets when purchased and expensed when consumed.

**Cash and cash equivalents** - Cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Investments with maturities of three months or less when purchased meet this definition. The District's investment in the State Treasurer's Pool has a fair value equivalent to the value of the pool shares, and is considered cash and cash equivalent.

**Property taxes revenues and fees** - Property taxes attach as an enforceable lien on property as of January 1 of the year following levy. Taxes are levied in early fall and are payable by November 30th and become delinquent on December 31st. Collections of the county taxes and remittance of them to the Districts are accounted for in the Treasurer's Tax Fund. County property tax revenues are recognized when levied to the extent that they result in a current receivable. The collection of 2005 property taxes, including delinquent collections, have been apportioned by the County Treasurer and included as 2005 revenues.

**Capital assets** - Capital assets are valued at historical costs, or estimated historical costs for assets where actual historical cost was not available. Repairs and maintenance is expensed as it is incurred. Capital assets are being depreciated using the straight-line methods with buildings and improvements being depreciated over 40 years, and equipment, vehicles and furniture and fixtures over estimated lives of from five to seven years.

## Magna Mosquito Abatement District

### Notes to Financial Statements (continued)

**Note 2 -  
Significant  
accounting  
policies  
(continued)**

**Management estimates** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Note 3 - Cash and  
cash equivalents**

The State of Utah Money Management Council has the responsibility to advise the State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the State, and review the rules adopted under the authority of the State of Utah Money Management Act that relate to the deposit and investment of public funds.

The District follows the requirements of the Utah Money Management Act (Utah Code, Section 51, Chapter 7) in handling its depository and investment transactions. The Act requires the depositing of the District's funds in a qualified depository. The Act defines qualified depository as any financial institution whose deposits are insured by an agency of the Federal Government and that has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

**Deposits** - Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk. At December 31, 2005, \$24,061 of the District's bank balances were uninsured and uncollateralized. The market value is equivalent to the below stated carrying amount.

The District maintains a cash and investment pool that is available for use by all funds.

Cash deposits are carried at cost plus accrued interest. The carrying amount of deposits is displayed on the balance sheet as "Cash and cash equivalents." Utah State statutes do not require deposits to be collateralized; however, financial institutions must be approved by the State Money Management Council.

Cash and cash equivalents consist of the following at December 31, 2005:

	Carrying Amount	Bank Balance
Cash on hand	\$ 115,533	\$ 124,061
Public Treasurer's Investment Fund	577,549	577,549
<b>Total cash and cash equivalents</b>	<b>\$ 693,082</b>	<b>\$ 701,610</b>

Restricted cash amounting to \$323,850 is included in total cash and investments.

## Magna Mosquito Abatement District

### Notes to Financial Statements (continued)

**Note 4 - Investments** The Money Management Act defines the types of securities authorized as appropriate investments for the County and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

Statutes authorize the District to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investor Services or Standard and Poor's; bankers' acceptances; obligations of the U.S. Treasury including bills, notes, and bonds; bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Act; and the Utah State Public Treasurer's Investment Fund. All investments held by the District at December 31, 2005 comply with the provisions of the Act.

The Utah State Treasurer's Office operates the Public Treasurer's Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer.

The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act, Section 51-7, Utah Code Annotated, 1953, as amended. The Act established the Money Management Council, which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses - net of administration fees, of the PTIF are allocated based upon the participant's average daily balance. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares.

As of December 31, 2005, the District had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (In Years)			
		Less than 1	1-5	6-10	More than 10
Utah Public Treasurer's Investment Fund	\$ 577,549	\$ 577,549	\$ -	\$ -	\$ -
Total Investments	\$ 577,549	\$ 577,549	\$ -	\$ -	\$ -

# Magna Mosquito Abatement District

## Notes to Financial Statements (continued)

### Note 4 - Investments (continued)

**Interest Rate Risk** - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the State's Money Management Act. Section 51-7-11 of the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to 270-365 days or less. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding 2 years.

**Credit Risk** - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's policy for reducing its exposure to credit risk is to comply with the State's Money Management Act as previously discussed.

As of December 31, 2005, the District had the following investments and quality ratings:

Investment Type	Fair Value	Quality Ratings			
		AAA	AA	A	Unrated
Utah Public Treasurer's Investment Fund	\$ 577,549	\$ -	\$ -	\$ -	\$ 577,549
Total Investments	\$ 577,549	\$ -	\$ -	\$ -	\$ 577,549

### Note 5 - Capital assets

The following schedule summarizes the changes in capital assets for the District for the year ended December 31, 2005:

December 31	2005			
	Beginning	Additions	Deletions	Ending
Land	\$ 17,316	\$ -	\$ -	\$ 17,316
Buildings/improvements	378,988	-	-	378,988
Equipment	158,939	8,423	-	167,362
Furniture/fixtures	34,702	-	-	34,702
Vehicles	221,380	-	-	221,380
Total capital assets	811,325	8,423	-	819,748
Less accumulated depreciation	412,376	46,343	-	458,719
Net capital assets	\$ 398,949	\$ (37,920)	\$ -	\$ 361,029

# Magna Mosquito Abatement District

## Notes to Financial Statements (continued)

**Note 6 - Retirement plans** The District participates in the Utah State Retirement System Deferred Compensation 401(k) Plan. The plan covers all full-time employees after 7 months of service. The Plan has no minimum age requirement for participation. The Plan is funded by employees through payroll deductions that are withheld by and remitted to the plan by the District. Individual accounts are maintained by the Utah State Retirement System for each participating employee. The employees do not participate in a pension plan. Total contributions by the District for 2005 were \$10,874.

**Note 7 - Board designated funds** The Board has designated certain amounts of the general fund balance for specific purposes such as grasshopper control. Also, included as a board designated fund balance is a reserve for collision and comprehensive insurance coverage (Liability Insurance Fund) of the District's autos and trucks.

**Note 8 - Insurance policy** Risks of loss are covered through a comprehensive general liability policy for public entities purchased by the District. This policy includes the following coverages:

	Policy Limits
Comprehensive general liability	\$ 5,000,000
Bodily injury, personal injury, property damage, and errors and omissions	\$ 5,000,000
Automobile liability and bodily injury	\$ 5,000,000
Under and uninsured motorist	\$ 65,000

There have been no reductions in insurance coverage from the prior year, and there have been no claims made against insurance coverages provided during the past three years that have exceeded coverages.

The District self insures for expenditures resulting from vehicle damage generally covered by collision and comprehensive insurance. Estimated expenditures for these claims are recorded at the time of the occurrence of any incident creating a loss based on repair estimates. These incidents do not create liabilities to third parties; accordingly, there are no liabilities for unpaid claims.

**Magna Mosquito Abatement District**  
**Supplemental Reports and Schedules**

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**Haynie &  
Company**

**Certified Public Accountants** (a professional corporation)  
1785 West Printers Row Salt Lake City, Utah 84119 (801) 972-4800 Fax (801) 972-8941

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING  
STANDARDS**

Board of Directors  
**Magna Mosquito Abatement District**

We have audited the financial statements of **Magna Mosquito Abatement District** (the District) as of and for the year ended December 31, 2005, and have issued our report thereon dated July 31, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Haynie & Co.*

Salt Lake City, Utah  
July 31, 2006

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**REPORT ON LEGAL COMPLIANCE APPLICABLE TO UTAH STATE LAWS AND  
REGULATIONS**

**Honorable Board of Trustees  
Magna Mosquito Abatement District**

We have audited the financial statements of **Magna Mosquito Abatement District** (the District) for the year ended December 31, 2005 and have issued our report thereon dated July 31, 2006.

Our audit also included test work on the District's compliance with those general compliance requirements identified in the State of Utah *Legal Compliance Audit Guide*, including:

Cash Management  
Purchasing Requirements  
Budgetary Compliance  
Other Compliance Requirements  
Truth in Taxation and Property Tax Limitations  
Special Districts

The management of the District is responsible for the District's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed no instances of noncompliance with the requirements referred to above. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, the District complied, in all material respects, with the general compliance requirements identified above for the year ended December 31, 2005.

*Haynie & Co.*

Salt Lake City, Utah  
July 31, 2006



# **Magna Mosquito Abatement District**

## **Schedule of Findings**

For the year ended December 31, 2005

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There were no findings to report during the years ended December 31, 2005 and 2004.